GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5791
ANSWERED ON:03.05.2002
DEBT AGAINST STATES
PRAKASH YASHWANT AMBEDKAR

Will the Minister of FINANCE be pleased to state:

(a) the details of the States whose debt has doubled more than their yearly revenue; and

(b) the measures adopted by Union Government to pull them back to healthy State?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) The total outstanding debt as on 31st March,2000 of Eight States viz. Bihar, Haryana, Kerala, Orissa, Punjab,Rajasthan, Uttar Pradesh and West Bengal was more than twice their yearly revenue for 1999-2000.

(b) The Financial management of States is primarily the responsibility of the State Governments for which they are responsible to their respective legislature. The State Governments are expected to take adequate measures to improve their financial condition. However, pursuant to the recommendations of the Eleventh Finance Commission, a scheme for State Fiscal Reform Facility (2000-01 to 2004-05) has been created for incentivising the States to undertake Medium Term Fiscal Reforms Programme (MTFRP)States are expected to undertake a number of steps to achieve fiscal consolidation, including debt sustainability over the reform period.